

## *Trade Without Illusion* <sup>Page</sup> 5/24/65

With the simultaneous appearance of two thoughtful policy statements, this is a time for introspection on East-West trade. The Committee for Economic Development (CED), a group of prominent American business executives, joined with its counterparts, the European Committee for Economic and Social Progress and the Japanese Keizai Doyukai, to issue a statement on "East-West Trade: A Policy for the West." And the White House released the report of the President's Special Committee on U.S. Trade Relations with East European Countries and the Soviet Union. Both statements reflect the views of private business interests.

The common thrust of both statements is that trade in nonstrategic goods between Communist and non-Communist countries should be expanded. Both the CED and the President's committees, as distinguished from their European and Japanese counterparts, would bar trade with Communist China and Cuba. But aside from this predictable and very significant difference of opinion, the two sets of recommendations are essentially alike.

Where the two reports differ is in setting forth the motives for increasing trade with the Communist bloc. According to the President's Committee: "Political, not commercial or economic, considerations should determine the formulation and execution of our trade policies." The CED and its counterparts state that: "In trade with Eastern countries we hope to realize the same kinds of economic benefits we expect in trade among ourselves." Juxtaposing these two statements admittedly exaggerates the differences between the two reports. Yet it serves the useful purpose of contrasting two views of East-West trade.

Those who uphold the political view seek goals which, in our opinion, are unrealistic. Some of its proponents see international trade as a means of winning Communist countries over to the liberal principles of free-enterprise capitalism. Such hopes are hardly justified. Some of the European Communist countries can conceivably gain a greater measure of independence from Soviet Russia by increasing their trade with the West. Yet it is difficult to envisage international trade as a prime mover in the process.

A second politically motivated group would join the AFL-CIO representative on the President's Committee in emphasizing the necessity for "political quid pro quo concessions." It is all very well to argue that the Communists should give way on Berlin or some other issue in return for the expansion of trade. But if increased trade were so important to the Communists as this view assumes, concessions would have been made long ago.

The question of East-West trade should be approached without illusions. Trade with the Communists will result in neither political concessions nor ideological conversions. It will confer economic benefits upon the West, hopefully greater than those realized by the East. That, in the final analysis, is the soundest reason for expanding it.